

## **INTRODUCTION**

### **INTERIM REPORT OF THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT**

#### **BACKGROUND ON THE CAMPAIGN FINANCE SCANDAL**

##### **I. INTRODUCTION**

Two years ago, the American people were confronted with serious questions involving the basic integrity of our democratic electoral process. In the closing months of the 1996 campaign there were daily revelations about foreign money coming into the U.S. political system.

John Huang, a former Lippo Group executive, longtime friend of the President and Presidential appointee at the Commerce Department, was placed at the Democratic National Committee (“DNC”) in 1995 to raise money with the full knowledge, encouragement and blessing of the President and his senior aides. Huang was at the center of the growing scandal. His ties with the Riadys’ Lippo Group, and the President’s longtime friendship with both Huang and the Riadys were the subject of many unanswered questions during the closing weeks of the 1996 campaign. In October 1996, it also came to light that the Riadys provided a \$100,000 “consulting” fee to Presidential friend and former Associate Attorney General Webster Hubbell in 1994. At the time, Hubbell was under investigation in the Whitewater matter.<sup>1</sup> Charlie Trie and Ted Sioeng, two other sources of illegal foreign campaign contributions, also had ties with Huang. Johnny Chung, another source of illegal DNC contributions, interacted with Huang and Trie as well as senior White House officials.

The issues regarding John Huang, Charlie Trie, the Riadys and other possible sources of foreign money are of great concern. It is important for the American public to understand who is financing elections and what interests they might have. These were precisely the type of concerns which were raised in the closing days of the 1996 election. Yet, at the time the *Los Angeles Times* observed that “...Clinton and his aides admitted almost nothing [about the campaign finance problems] until his re-election was signed, sealed and delivered”....“We were clearly trying to push this onto the DNC to respond

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<sup>1</sup> Susan Schmidt, “Hubbell Got \$700,00 for Little or No Work, House Probe Shows,” *Washington Post*, April 24, 1998 at A6.

and keep it away from the president and the campaign trail,” Mike McCurry candidly admitted in late 1996.<sup>2</sup>

Federal election laws are designed so that those who are involved in the process of funding our election system are citizens or residents with a stake in the United States’ system of democratic government. Federal laws are also designed to provide full disclosure to the American people about who is funding candidates for public office. U.S. election laws do not allow for contributions from foreign sources.<sup>3</sup> When the laws governing our elections are broken, the very system designed to govern our free elections is threatened. If money is given illegally, that can, in and of itself, change the outcome in any given election. That is why tracking the huge infusion of foreign money from, among other sources, those with communist Chinese government ties, and determining how and why this was done, is so important.

Masking donations through conduit donors is one way in which the true source of funds can be hidden, thereby increasing the influence of either a foreign or illegal source of money. Using conduit contributions also allows a single individual to make more hard dollar contributions than they would otherwise be allowed to make. An individual can give up to \$20,000 in “hard money” to a party committee. When an individual provides conduit funds to a new individual who has not previously donated, that first \$20,000 contributed by that conduit donor will also be counted as “hard money” donations. It should be noted that throughout the 1996 campaign, there was a big push to obtain more hard money. Memos authored by White House Deputy Chief of Staff Harold Ickes, who coordinated the campaign, raised the issue of a shortage of “hard money” throughout the 1996 campaign season.<sup>4</sup>

The Committee has tracked hundreds of thousands of dollars in conduit contributions and learned that many illegal conduit funds have yet to be returned by the DNC and other Democratic entities. Now that it has been clearly established that much of the millions of dollars in illegal contributions came from foreign bank accounts and/or conduits, the troubling question persists: Were foreign sources of any kind buying access to the White House and trying to influence the 1996 elections?

To date, the President, White House officials and DNC officials, all claim no prior knowledge of the massive amount of illegal foreign money raised by John Huang, Charlie Trie, Johnny Chung, their associates and others. However, senior White House and DNC officials were all part of a reckless fundraising scheme which involved providing extensive opportunities for large DNC donors to gain access to the President and senior Administration officials. White House perks such as Lincoln Bedroom overnights, White House coffees, Air Force One trips and Kennedy Center tickets, also were provided to

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<sup>2</sup> Glenn F. Bunting and Alan C. Miller, “Money saga points to deception; Clinton, Democrats withheld information on foreign campaign gifts,” *Los Angeles Times*, December 30, 1996.

<sup>3</sup> See 2 USC 441e(a)

<sup>4</sup> Harold Ickes documents, DNC 3109247-49; EOP 035856-59; EOP 037358-362. (Exhibit 1)

donors and their friends.<sup>5</sup> A number of the individuals who received the “perks” and White House VIP treatment, were later deemed inappropriate. These included individuals such as a drug dealer, an arms merchant and many foreign nationals with unknown agendas.

While the Committee at this time is not prepared to make any final conclusions about the precise role or actions of senior White House and DNC officials, including the President and Vice-President, in the campaign finance scandal, the Committee will continue to explore their actions. FBI Director Louis Freeh and the Task Force Chief Prosecutor Charles La Bella already have told the Attorney General that the actions of those at the highest levels of the White House and DNC necessitate the appointment of an independent counsel. Some have suggested that there might be a larger conspiracy to violate election laws which necessitates an independent counsel. Nevertheless, the Attorney General has declined to appoint an Independent Counsel for campaign finance, failing to follow the law in this matter. It should be noted that it is the common understanding of the recommendations of both Mr. Freeh and Mr. LaBella that any Independent Counsel appointed to investigate campaign finance matters would investigate any conduct relating to Republicans as well as Democrats.

Finally, in “following the money,” the Committee ultimately focused more on Democratic fundraising for one simple reason – that is where the foreign money was directed over the past several election cycles. However, this Committee and the Senate Governmental Affairs Committee did not neglect the instances where foreign money was found in Republican coffers and examined both the matters involving Ambrous Young<sup>6</sup> and Ted Sioeng<sup>7</sup> as they related to Republicans.

## **II. THE FOREIGN FUND-RAISING STORY BREAKS IN FALL 1996: KEEPING A LID ON THE STORY PAST THE ELECTION**

### **A. The Initial Fundraising Stories**

The foreign fundraising scandal first came to light in September 1996 with press reports of an illegal \$250,000 donation from Cheong Am America, a start-up California company, which had no U.S. generated income at the time of the donation.<sup>8</sup> John Huang had promised the head of the company, John H.K. Lee, that he would have the opportunity to meet with the President after making his April 8, 1996 contribution to the

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<sup>5</sup> White House Documents, EOP 036287-88. (Exhibit 2)

<sup>6</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 105th Cong., 2d Sess., vol. 4, 4657 (1998).

<sup>7</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 105th Cong., 2d Sess., vol. 4, 5573 (1998).

<sup>8</sup> Alan C. Miller, “Democrats Return Illegal Contribution: South Korean Subsidiary’s \$250,000 Donation Violated Ban on Money from Foreign Nationals,” *Los Angeles Times*, September 21, 1996 at A16.

DNC.<sup>9</sup> In exchange for Lee's contribution, Huang arranged a quick photo op in a California Hotel where Mr. Lee met and posed for pictures with the President.<sup>10</sup>

Following the Cheong Am disclosure by *The Los Angeles Times* in September 1996,<sup>11</sup> and the many unanswered questions raised about John Huang's fundraising, the press aggressively began reporting about large, potentially illegal donations to the Democratic National Committee. Donations focused on by the press included the Cheong Am \$250,000 donation;<sup>12</sup> \$450,000 in donations from the Wiriadinatas, an Indonesian couple linked to the Riadys;<sup>13</sup> \$140,000 from monks and nuns who attended a fundraiser in April 1996 at a Buddhist temple in California;<sup>14</sup> and, a \$325,000 donation from Yogesh Gandhi.<sup>15</sup> John Huang was the DNC contact for most of these illegal contributions.

In the weeks before the 1996 presidential election, top White House, DNC and Commerce Department officials refused to release much of the relevant information regarding John Huang, the Riadys, Charlie Trie and other fundraisers and suspicious characters connected with questionable DNC campaign donations. As Brookings Institution scholar Stephen Hess observed:

I've been around this town for 30 years and I've never seen a group raise stonewalling to such an art form.... This is nothing new for the Clintons...but they may ultimately pay a very heavy price for it.<sup>16</sup>

## **B. White House and DNC Dodge Questions and Go On the Attack**

The President was clearly among those avoiding answering questions about these matters in October 1996. On October 15, 1996, when asked about criticism of various DNC contributions, the President would only say: "It's election time," before he ducked into his hotel.<sup>17</sup> The following *Washington Post* story on October 22, 1996 was typical of the White House response:

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<sup>9</sup> David Willman, Alan C. Miller and Glenn F. Bunting, "What Clinton Knew: How a Push for New Fund-Raising Led to Foreign Access, Bad Money and Questionable Ties," *Los Angeles Times*, December 21, 1997 at A1.

<sup>10</sup> *Id.*

<sup>11</sup> Alan C. Miller, "Democrats Return Illegal Contribution," *Los Angeles Times*, September 21, 1996.

<sup>12</sup> *Id.*

<sup>13</sup> *Los Angeles Times*, December 21, 1997.

<sup>14</sup> Ruth Marcus and Ira Chinoy, "A Fund-Raising 'Mistake;' DNC Held Event in Buddhist Temple," *Washington Post*, October 17, 1996 at A01.

<sup>15</sup> *Los Angeles Times*, December 21, 1997.

<sup>16</sup> *Los Angeles Times*, December 30, 1996.

<sup>17</sup> Edward Walsh, "Dole Aide Suggests 'Potentially Criminal Actions' in DNC Gift" *The Washington Post*, October 15, 1996 at A10.

Clinton has not provided any substantive answers, dismissing the matter by saying that his campaign has asked the Federal Election Commission to examine Huang's fundraising activities ....

White House press secretary Michael McCurry said today that this [Huang's not being available for questions] is because Huang is too busy preparing for the FEC inquiry to meet with the news media. And he said the White House hopes that the FEC will reach its conclusions and make a report before the presidential election. But McCurry was smiling when he said it, knowing that the FEC routinely takes months or years – not weeks – to reach its conclusions on such matters.

"Extremely cynical performance, Mr. McCurry," one reporter bellowed. "I don't know about that," McCurry chortled. "I've seen worse. I've done worse."<sup>18</sup>

Senator Christopher Dodd, the Co-Chairman of the DNC, denied that John Huang had "done anything wrong here" during an appearance on *Face the Nation* on October 20, 1996, and said the DNC would make Huang available for questioning.<sup>19</sup> At the time of Dodd's statement, the DNC had decided to relieve Mr. Huang of his fundraising duties and ask the FEC to investigate the donations Huang solicited.<sup>20</sup>

### C. John Huang in hiding

During this pre-election time John Huang was in hiding, but in contact with DNC officials. The DNC then reported back to the White House of growing concerns about Huang's fundraising. However, it was only when Huang was facing a nationwide manhunt by U.S. Marshals that his attorney, John Keeney, assured U.S. District Judge Royce Lamberth that Huang would attend a civil deposition relating to his Commerce Department activities.<sup>21</sup> Exasperated with Huang's avoidance of a subpoena, the judge indicated that the marshals had been attempting to locate Huang. In a particularly testy courtroom exchange, Judge Lamberth asked:

Judge Lamberth: Is he [Huang] within 100 miles?

Mr. Keeney: I don't have an atlas.

Judge Lamberth: You don't need an atlas... You know exactly where he is. If he wants to flee from service, I'm going to find out where he is.<sup>22</sup>

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<sup>18</sup> John Harris, "President Sidesteps Funds Flap" *The Washington Post*, October 22, 1996 at A01.

<sup>19</sup> Jill Abramson and Glenn R. Simpson,, "Lippo Issue Remains at Center of Presidential Race," *Wall Street Journal*, October 21, 1996 at A24 (quoting *Face the Nation* (CBS television broadcast, October 20, 1996)).

<sup>20</sup> *Id.*

<sup>21</sup> Andy Thibault, "Huang's lawyer says he'll return," *The Washington Times*, October 26, 1996 at A1.

<sup>22</sup> *Id.*

Mr. Keeney had claimed Huang would not be available until after the presidential election.<sup>23</sup> At that point, Judge Lamberth ordered the DNC to require that Huang report to work on the following Monday. Upon receiving the order, DNC Chairman Don Fowler complied.<sup>24</sup> To forestall any delaying tactics, Judge Lamberth indicated that he was prepared to hold a hearing on whether Huang's lawyer could legally refuse to disclose his client's location. Keeney sent the DNC a letter saying Huang would be available for the deposition.<sup>25</sup>

Documents turned over to the Committee from the DNC show that Huang submitted a "DNC Expense Report" for part of his time in hiding in October 1996.<sup>26</sup> In a submission he made in the fall of 1996 under "purpose of travel" Huang wrote: "Stayed away from D.C.; Return home for materials." The time frame was October 11-15, 1996.<sup>27</sup>

#### **D. The DNC Stalls Past the Election on FEC Reporting**

With all of the troubling information about possibly illegal contributions surfacing in the closing days of the 1996 election, the DNC made the extraordinary decision not to submit its financial report to the Federal Election Commission on time, as required by law.<sup>28</sup> This was the first time since the federal election law was enacted that a party had purposefully decided not to file a pre-election campaign finance report. This produced an outcry even from party loyalists such as former Judiciary Committee Chairman and Democrat Representative Don Edwards, who noted the report should have been filed by the DNC: "They've had people out of control over there who went overboard [on fund-raising]."<sup>29</sup>

Following a public uproar, the DNC reversed itself and released "raw data" of the campaign finance report.<sup>30</sup> Charles Lewis, Executive Director of the Center for Public Integrity observed at the time:

If Bill Clinton is re-elected, it could well become the second term from Hell.... We're seeing something we have not seen since Watergate, in terms of the contempt for the American people about the amount of campaign money being raised from dubious sources and of questionable legality.<sup>31</sup>

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<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> Toni Locy and Serge Kovalski, "Huang to Return Monday to Accept Civil Subpoena," *The Washington Post*, October 26, 1996 at A13.

<sup>26</sup> DNC document. D0000053 (Exhibit 3)

<sup>27</sup> *Id.*

<sup>28</sup> Donald Lambro, "After election comes the deluge? Democrats fear funds flap fallout," *The Washington Times*, October 31, 1996 at A1.

<sup>29</sup> *Id.*

<sup>30</sup> *The Washington Times*, October 30, 1996 at A13.

<sup>31</sup> *The Washington Times*, October 31, 1996 at A1.

### **III. THE POST-ELECTION RESPONSE TO THE CAMPAIGN FINANCE SCANDAL**

#### **A. Problems Identified with John Huang**

From the very beginning, John Huang's fundraisers included an unusually high number of foreign nationals. This did not go unnoticed by DNC officials in 1996. DNC Chairman Don Fowler and DNC Finance Chairman Marvin Rosen attended the events orchestrated by Huang and at the time of Huang's first fundraiser in February 1996, noted that a number of foreign nationals were at the event. By the time of a July 30, 1996, small Presidential fundraising dinner where few of the attendees were eligible to contribute, Marvin Rosen put out the word that Huang could not do anymore events with the President.<sup>32</sup> However, Huang's fundraising was allowed to continue behind the scenes.

As became evident shortly after the 1996 election, there were serious problems with John Huang's fundraising practices, as well as the DNC vetting practices – or rather, the lack thereof. There were hundreds of thousands of dollars in illegal foreign contributions connected with Huang. In fact, problems with John Huang's fundraising practices were first brought to the attention of the DNC after his first fundraising event in Washington, D.C. on February 19, 1996.

Shortly after Huang's first fundraising event, a February 19, 1996 Asian-American event which Huang claimed to have raised \$1 million for the party, the DNC learned that at least two of the contributions were clearly illegal.<sup>33</sup> Two \$12,500 checks solicited by Huang from a couple who run an international trading group based in China were returned in March 1996.<sup>34</sup> DNC General Counsel Joseph Sandler claims to have no recollection of these checks being returned by the DNC in March 1996, even though he has testified that he extensively reviewed John Huang's contributions from the February 19, 1996 event.<sup>35</sup> It was not until July 1997 when the information about these two returned checks was first turned over to Congress. For almost a year, the DNC left the impression that the first notice that they had of any problems with John Huang was the \$250,000 Cheong Am donation identified as illegal in mid-September 1996. That impression was deliberately misleading.

These early warning signs about John Huang's solicitation of illegal foreign money were clearly ignored by the DNC. However, both DNC Finance Director Richard Sullivan and DNC Finance Chairman Marvin Rosen claimed to have had sufficient concerns about

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<sup>32</sup> *Investigation of Illegal or Improper Activities in Connection with the 1996 Federal Election Campaign Before the Senate Committee on Governmental Affairs*, S. Rep. No. 167, 105th Cong., 2d Sess., vol. I, 1703 (1998).

<sup>33</sup> Senate Report, Volume I, at 1694-1698.

<sup>34</sup> *Id.*

<sup>35</sup> Deposition of Joseph Sandler, by the Senate Committee on Governmental Affairs, May 30, 1997, at 102-103.

Huang to recommend special training by DNC General Counsel Joseph Sandler. Sandler has denied ever being requested to conduct such training or in fact engaging in such training for Huang.<sup>36</sup>

Perhaps most disturbing about all matters related to John Huang is the fact that Attorney General Janet Reno's task force appears to be making little if any progress in making a case against John Huang.<sup>37</sup> As is evidenced in the Committee's report, there is ample reason to believe he is every bit as involved in illegal campaign contributions as the lower level individuals who have been indicted by the Justice Department's Campaign Finance Task Force to date.

## **B. Problems identified with the DNC vetting system**

By mid-October 1996, DNC officials had not only realized they had serious problems with their compliance procedures, according to DNC General Counsel Joseph Sandler, they had begun a process to change the vetting system.<sup>38</sup> It is clear from Sandler's testimony that a public acknowledgment of serious shortcomings in the DNC finance system was deliberately delayed past election day.<sup>39</sup>

Although DNC Chairman Don Fowler refused to make any public statements before the election he came forward on November 13, 1996, to acknowledge that there were "serious" flaws in the party's process for reviewing contributions and donors. Fowler claimed he had instituted new safeguards.<sup>40</sup>

Yet, even after the election, the DNC hid the true nature of the problem. For example, the day after the election, the DNC returned a \$325,000 check to Yogesh Gandhi. However, the DNC had arranged to return the contribution before the election, in late October 1996.<sup>41</sup> In a similar incident, at the November 13, 1996 press conference, DNC Chairman Fowler insisted that the \$450,000 from the Indonesian couple, the Wiriadinatas, had been "thoroughly reviewed" and was legal.<sup>42</sup> Yet only ten days later, after intense public scrutiny, the DNC announced that it was returning this \$450,000 in donations from the Wiriadinatas because they had failed to file U.S. income tax returns for 1995 and they had moved back to Indonesia – information which was known to the DNC by mid-October.<sup>43</sup> This pattern of delaying the return of illegal or inappropriate contributions continues today.

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<sup>36</sup> Senate Report, Vol. 1, at 1692-1694.

<sup>37</sup> See Letter from Chairman Burton to Attorney General Janet Reno of October 2, 1998. (Exhibit 4)

<sup>38</sup> Deposition of Joseph Sandler, by the Senate Committee on Governmental Affairs, May 15, 1997 at 21.

<sup>39</sup> *Id.* at 22-30.

<sup>40</sup> Ruth Marcus, "DNC Official Concedes 'Mistakes of Process'; National Chairman Makes First Statements on Donor Controversy," *The Washington Post*, November 13, 1996 at A04.

<sup>41</sup> Sandler Senate Deposition, May 15, 1997 at 114-116.

<sup>42</sup> *The Washington Post*, November 13, 1996 at A04.

<sup>43</sup> Alan C. Miller, "Democrats Give Back more disputed money," *The Los Angeles Times*, November 23, 1996 at A1.

By November 1996, the Justice Department had set up its task force to investigate the campaign fundraising matter, which in turn prompted the DNC to hire outside auditors, lawyers and investigators to further examine the questionable contributions. In February 1997, the DNC identified \$1,492,051 in contributions to be returned, yet officials at the DNC continued to deny any prior knowledge of this extensive pattern of illegal contributions generated by John Huang, Charlie Trie, Johnny Chung and others.

### **C. Problems Identified with Charlie Trie's Contributions**

Problems related to DNC fundraiser, Presidential appointee, and long-time Clinton friend, Charlie Trie, also came to public light in the fall of 1996. Charlie Trie worked closely with John Huang in fundraising in the 1996 cycle. Notably, Harold Ickes flagged Charlie Trie as a potential problem in mid-October 1996 when he spoke with DNC Executive Director B.J. Thornberry,<sup>44</sup> but his fundraising problems largely escaped unnoticed until after the election. However, in an October 1996 conversation with Ms. Thornberry, Ickes suggested that if she thought she had problems with Huang, "you better look at Trie."<sup>45</sup> Ickes' delay in calling attention to Trie is particularly problematic as Ickes was in charge of coordinating the campaign and fundraising for the DNC.

Ickes had known of fundraising problems relating to Charlie Trie since early April 1996, when the Executive Director of the President's Legal Expense Trust, Michael Cardozo, informed Mr. Ickes and the First Lady, that Charlie Trie had provided over \$380,000 in suspect contributions to the President's Legal Expense Trust.<sup>46</sup> Mr. Cardozo informed Ickes and the First Lady that he was going to investigate the suspect contributions from Trie.<sup>47</sup> Cardozo's testimony indicated that initially in the meeting, the First Lady appeared not to know Charlie Trie.<sup>48</sup> Ickes also testified that he did not know who Trie was until Cardozo brought the situation to his attention.<sup>49</sup> However, Trie, an Arkansas native had been active in DNC fundraising circles since June 1994 when he contributed \$100,000 to the DNC specifically dedicated to the First Lady's Health Care effort<sup>50</sup> which was headed up by Harold Ickes at the White House.

A document turned over from Ickes' files which features an exclusive group of large dollar donors features Charlie Trie along with notables such as Evelyn Lauder, Ely Callaway, and Marvin Davis, demonstrates that Ickes certainly could have known of Trie's

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<sup>44</sup> Deposition of B.J. Thornberry, by the House Committee on Government Reform and Oversight, July 22, 1997 at 71.

<sup>45</sup> *Id.*

<sup>46</sup> Deposition of Michael Cardozo, by the Senate Committee on Governmental Affairs, May 7, 1997 at 68.

<sup>47</sup> *Id.* at 71.

<sup>48</sup> *Id.*

<sup>49</sup> Deposition of Harold Ickes, by the Senate Committee on Governmental Affairs, June 26, 1997 at 160, 166.

<sup>50</sup> Memo to John O'Hanlon from David Mercer regarding VIP requests, June 18, 1994. F 0045848 (Exhibit 5.)

role in fundraising.<sup>51</sup> Despite warnings from Cardozo regarding Trie's fundraising, a Presidential appointment to the Commission on U.S.-Pacific Trade and Investment Policy went forward on April 17, 1996,<sup>52</sup> with apparently no concern. The Committee has heard from a witness, an aide to Senator Bingaman, who told the committee that he protested repeatedly regarding Trie's placement on the Commission, only to be told by a White House official that Trie was a "must appointment" from high levels of the Administration.<sup>53</sup> Many of those who served with Trie on the Commission found his qualifications and abilities severely lacking.

In a May 9, 1996 meeting at the White House, Michael Cardozo again met with top White House officials including Ickes and Bruce Lindsey and other White House Counsel, to inform them that he planned on returning the PLET contributions gathered by Trie, because it appeared they had been funneled through a Buddhist cult.<sup>54</sup> At this May 9, 1996 meeting, Mr. Cardozo recalled that Bruce Lindsey mentioned something about Trie being a DNC fundraiser.<sup>55</sup> Ickes, does not recall any discussion that took place during the meeting.<sup>56</sup>

Despite the knowledge of the First Lady and senior White House officials regarding Trie's suspect fundraising, just days later on May 13, 1996, the President, sitting at a table with two foreign nationals praised Charlie Trie:

[S]oon it will be twenty years that I had my first meal with Charlie Trie. Almost twenty years, huh? Twenty years in just a few months. At the time, neither of us could afford a ticket to this dinner, it's fair to say.<sup>57</sup>

At the time when the President made this statement reflecting upon Trie's apparent good fortune, his staff had already been informed of Trie's questionable fundraising practices for PLET. During this same month Charlie Trie borrowed \$5000 from former White House employee Mark Middleton<sup>58</sup> and faced court charges for failing to pay his rent.<sup>59</sup>

In June 1996, all of Trie's gathered contributions were returned by PLET and the White House Counsel's office was again informed of this matter by Mr. Cardozo.<sup>60</sup> Yet again on July 22, 1996 and again on August 18, 1996, Charlie Trie was a key fundraiser for these Presidential events. In August 1996, when the President's Legal Expense Trust filed its quarterly report, it notably omitted all of the returned contributions provided by

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<sup>51</sup> Harold Ickes Documents. CGRO 1623-24 (Exhibit 6)

<sup>52</sup> White House Documents. EOP 030404 - 030406 (Exhibit 7)

<sup>53</sup> Staff Interview of Steve Clemons, December 5, 1997.

<sup>54</sup> Cardozo Senate Deposition, May 7, 1997 at 150-152.

<sup>55</sup> *Id.* at 175.

<sup>56</sup> Ickes Senate Deposition, June 26, 1997 at 179.

<sup>57</sup> White House Communications Agency videotape number 6, May 13, 1996.

<sup>58</sup> Deposition of Holli Weymouth, by the House Committee on Government Reform and Oversight, July 14, 1998 at 104.

<sup>59</sup> Complaint for possession of real estate. P704553 (Exhibit 8.)

<sup>60</sup> Cardozo Senate Deposition, May 7, 1997 at 201.

Trie.<sup>61</sup> In August 1996, senior White House officials such as Harold Ickes, Bruce Lindsey, Maggie Williams and Cheryl Mills were informed of a letter received by a PLET donor connected with the funds Trie had forwarded which indicated that the funds were indeed gathered under highly questionable circumstances.<sup>62</sup> Yet, it was not until December 1996 – after the election and after reporters keyed in on the fundraising role of Charlie Trie, that the White House acknowledged problems with Trie’s PLET donations and Trie’s DNC donations were publicly scrutinized.<sup>63</sup> Even with knowledge of Trie’s large and problematic donations, he continued to attend fundraisers and was invited to a December Christmas party at the White House for major DNC donors.<sup>64</sup> At the Christmas party, according to Bruce Lindsey, Trie approached the President in the receiving line and apologized for any problems he caused the President and then left the White House.<sup>65</sup> Shortly thereafter, when Trie’s problems with the Trust Fund were made public, Trie left the country and remained in Asia throughout 1997.

By February 1997, it was clear that Trie was connected with hundreds of thousands of dollars in illegal contributions. When the DNC completed its initial review of questionable contributions, it returned all of Trie’s personal and corporate contributions. Nevertheless, many of his conduit political donations took months to trace. Even after both the Senate and House identified conduit funds provided by Charlie Trie, the DNC continued to retain the funds long after information about their illegal source was publicly identified.

#### **D. The Specter of Foreign Influence**

Over the past two years, the millions of dollars in illegal foreign money that went to the DNC and other Democratic entities have been traced to a small number of key figures, namely John Huang, Charlie Trie, and Johnny Chung. These individuals were provided unique access to the White House and senior Administration officials. They also used their access to bring their foreign business associates to the White House and DNC functions. Even though many of their foreign associates were not eligible to contribute, foreign nationals such as Charlie Trie’s business associate “Mr. Wu” did in fact funnel foreign money into the DNC. Trie brought “Mr. Wu,” who has been linked to local government officials in the People’s Republic of China, to the White House on numerous occasions.

Huang, Trie and Chung were provided with opportunities to bring their Chinese business associates to the White House while these same associates provided them with

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<sup>61</sup> *Id.* at 169.

<sup>62</sup> *Id.* at 223-224.

<sup>63</sup> Deposition of Michael Cardozo, by the Senate Committee on Governmental Affairs, May 8, 1997 at 10-11.

<sup>64</sup> Deposition of Bruce Lindsey, by the House Committee on Government Reform and Oversight, April 29, 1998 at 20.

<sup>65</sup> *Id.*

funds for illegal foreign contributions. As the Committee has continued its investigation, more information about these questionable business interests has come to light. Johnny Chung's confession that tens of thousands of dollars which he contributed were given to him from a Chinese government source was ultimately not surprising. Indeed, some at the DNC had suspected he was doing this.<sup>66</sup>

In March 1998, Chung pled guilty to illegally funneling \$20,000 to Clinton/Gore '96.<sup>67</sup> Chung also had contributed \$366,000 to the DNC<sup>68</sup> in the same period in which he visited the White House approximately 50 times,<sup>69</sup> often with his Chinese business associates. According to news reports, Chung admitted that a large part of the nearly \$100,000 he gave to Democrats in 1996, including \$80,000 to the DNC, came from the Chinese People's Liberation Army through Chinese army Lieutenant Colonel and China Aerospace Corporation executive Liu Chao-ying.<sup>70</sup> Chung, once labeled a "hustler" by a National Security Council aide,<sup>71</sup> escorted Ms. Liu to a Presidential fundraiser in Los Angeles in 1996.<sup>72</sup> A House Select Committee continues to investigate the intelligence and national security matters related to these issues, while this Committee continues to investigate the money trail and the business associations.

The connections with foreign campaign money and foreign business associates also is apparent with Charlie Trie and his associate Antonio Pan; John Huang and the Riady family; Ted Sioeng and his foreign associates, as well as others. As the Committee continues to follow the money trail and push for foreign cooperation and an end to the stonewalling by dozens of key witnesses, it is very likely more foreign ties will be discovered. For example, the Committee has traced \$200,000 in travelers checks back to Jakarta, Indonesia.<sup>73</sup> These funds were used in part for conduit contributions to the DNC. To date the committee and the Justice Department have been unsuccessful in obtaining the cooperation of the Indonesian government in turning over Indonesian bank records which would identify the source of these funds. However, it is the operative theory of both the Committee and the Justice Department that the source of these funds is very likely connected in some manner to the Riady family and/or Lippo Group.

Finally, the Committee believes that the House's investigation continues to provide additional support to the issues as set out by the Senate Governmental Affairs majority report on "The China Plan."<sup>74</sup>

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<sup>66</sup> Deposition of Richard Sullivan, by the House Committee on Government Reform and Oversight, September 3, 1997 at 187.

<sup>67</sup> Don Terry, "Fund-Raiser Chung Pleads Guilty," Washington Post, March 17, 1998.

<sup>68</sup> FEC Internet records – [tray.com/fecinfo/](http://tray.com/fecinfo/)

<sup>69</sup> White House WAVE Records

<sup>70</sup> Jeff Gerth, "Democrat Fund-Raiser said to Detail China Tie," New York Times, May 15, 1998.

<sup>71</sup> E-mail from Robert Suettinger of the National Security Council describing Johnny Chung as a "hustler." EOP 005439.

<sup>72</sup> Chung guest list for Eli Broad fundraiser held on June 18, 1996. JCH 15017 (Exhibit 9)

<sup>73</sup> See generally, letter from Christopher M. Curran, Esq., Attorney for Bank Central Asia, to Committee Senior Investigative Counsel Tim Griffin, Esq., July 20, 1998.

<sup>74</sup> Senate Report, Volume II, at 2499.

## CONCLUSION

The Committee's interim report outlines foreign money raised or contributed by John Huang, Charlie Trie, Johnny Chung, and others connected with these individuals such as Ted Sioeng and the dozens of conduits connected with them. What is clear is that high level officials from the White House, the Administration and the DNC made themselves available to these individuals despite warning signs that their fundraising practices were highly suspect. John Huang, and his patrons, the Riadys, are friends of President Clinton, as is Charlie Trie. They came to the fundraising table by virtue of their relationships with the President – not through any relationship with Don Fowler, Harold Ickes or other DNC or Administration officials.

The illegal foreign money solicited by these individuals is doubly suspect because of their extensive ties to the People's Republic of China. The original – but as yet unidentified – sources of these funds were traced to bank accounts in Hong Kong, Macau and Indonesia. As the Senate Governmental Affairs Committee Final Report on campaign finance noted, "officials at the highest levels of the Chinese government approved of efforts to increase the PRC's involvement in the U.S. political process. There are indications that the plan or parts of the plan and possibly related PRC activities were implemented covertly in this country."<sup>75</sup> Since the Senate issued its report in March 1998, the Committee has developed a more extensive record on the key fundraising figures and their foreign ties. Finally, in addition to the Asian sources of foreign money, the Committee has also identified South American foreign money that first came into the DNC coffers in 1992, as well as funds from a German national which were largely ignored by the FEC.

This is an interim report on the Committee's work in the campaign finance investigation. Due to the extensive stonewalling endured by the Committee and the lack of testimony from 120 relevant witnesses, many fundamental questions remain unanswered. What was the motivation behind the massive flow of foreign money into the U.S. political system? Where did the funds ultimately originate? Who were the foreign power brokers and what were they hoping to get in exchange for their money? Were any national security or policy matters compromised by these activities?

Justice Department officials have indicated that cases such as these take years to get to the facts. The extensive financial transactions coupled with reluctant and non-available witnesses makes for a difficult trail to follow. Nevertheless, the Committee is determined to continue to get the facts to the American people.

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<sup>75</sup> Senate Report, Volume II, at 2510.